

Part 2A of Form ADV: *Firm Brochure*

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This Brochure provides information about the qualifications and business practices of Lesa Sroufe & Company (“LSC”). If you have any questions about the contents of this Brochure, please contact us at 206-838-8383 or sc@sroufeco.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Lesa Sroufe & Company also is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number known as a CRD number. Our firm’s CRD number is 130232.

Item 2 Material Changes

The SEC adopted “Amendments to Form ADV” in July 2010. This Firm Brochure, dated March 28, 2012, is the disclosure document prepared according to the SEC’s new requirements and rules. This document is provided in narrative form. The emphasis is on a plain English format with certain information not previously disclosed.

Subsequent to this initial filing of the Brochure, any material changes to the most recent Brochure will be set forth under this Item (2) with a summary of new and/or updated information, as well as the date of the most recent Brochure filing. During the period from January 1, 2011 through December 31, 2011 there were no material changes in either the Firm’s scope of business, practices or ownership.

Consistent with the new rules, we will ensure that you receive a summary of any material change to this and subsequent Brochures within 120 days of the close of our company’s fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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Item 4 Advisory Business

Lesa Sroufe & Company (“LSC”) is an SEC-registered investment adviser, founded in 2004, with its principal business in Seattle, WA. The firm’s principal shareholder (controlling 25% or more of the company) is Lesa Sroufe (87% owner). Other employee-shareholders include Kassira Vo (5% shareholder), Shaun Corry (5% shareholder), and Elizabeth Fleming (3% shareholder). The Firm carries no debt and is 100% employee-owned.

As of December 31, 2011, LSC managed \$259,400,000; \$258,100,000 on a discretionary basis, the remainder on a non-discretionary basis.

LSC provides individual portfolio investment management using publicly traded companies, debt instruments and exchange-traded funds. Research-driven, LSC’s investment management focuses on individual selection of securities that are consistent with the firm’s Value Equity focus. LSC may also research and advise on equities previously acquired and currently owned by clients.

All portfolios are managed on an individual basis, and the purchases and sales are entirely transparent. LSC is a top-down investor, starting with the outlook on the economy. The strategy is more price sensitive than mainstream money managers; LSC sets purchase price limits on stocks we add to portfolios and similarly we set price objectives. The portfolios are diversified, but focused, with between 25 and 35 issues at any given time.

LSC client accounts are either managed directly by LSC (“Direct Clients”) or sub-advised by LSC (termed a wrap-fee account). For sub-advised accounts LSC provides research, initiates and performs trading, and provides accounting and performance results, but does not have the primary relationship with the client. There is no difference between the portfolio management of the wrap-fee or sub-advised accounts and the directly managed accounts. Typically, compensation on these wrap-fee accounts consists of a share of the management fee, generally 50 basis points (0.50%).

Two investment objectives available to LSC account holders are Equity Appreciation (equities) and Total Return (equities/bonds). This investment objective is established at the inception of the account. A target percentage in each asset class (equities, fixed income, and cash), given the client’s financial needs, objectives, age and experience, is also established. LSC offers all client accounts the opportunity to impose restrictions on specific equities and types of securities. Investment objectives, target asset allocations, and restrictions can be changed or modified at the client’s direction.

Item 5 Fees and Compensation

LSC clients pay a management fee to LSC on a quarterly basis in arrears. This fee is a percentage of the market value of all assets in the account on the last trading day of each calendar quarter. In any partial calendar quarter, the management fee will be pro-rated based on the number of days that the account was open during the quarter. The specific manner in which fees are charged is established in a client's written agreement with LSC.

**Assets Under Direct Management Annual Management Fee (Billed Quarterly)
Equity Appreciation Objective**

Under \$2 million	1.00% (100 basis points)
\$2 million – \$5 million	0.90% (90 basis points)
\$5 million –\$10 million	0.80% (80 basis points)
\$10 million and above	0.70% (70 basis points)

**Assets Under Direct Management Annual Management Fee (Billed Quarterly)
Total Return Objective**

Under \$1 million	0.90% (90 basis points)
\$1 million - \$3 million	0.80% (80 basis points)
\$3 million - \$5 million	0.75% (75 basis points)
\$5 million and above	0.70% (70 basis points)

In certain instances, clients may own mutual funds that may charge a fee, deducted internally which will reduce overall return. In addition to the advisory fees described above, clients will pay transaction fees/commissions and other charges to the executing broker or account custodian. Direct Client fees are deducted quarterly from the client accounts, in most cases. In certain cases Direct Clients may request to be billed directly without deduction from the account. See Items 12 and 15 for a further discussion of our Brokerage Practices and Custody Practices.

Limited Negotiability of Advisory Fees: Although LSC has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Certain determinants, such as the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style and account composition, among other factors, may be taken into account. The specific annual fee schedule will be identified in the agreement between the adviser and each client.

Assets Under Wrap Account Arrangement Annual Management Fee (Billed Quarterly)

Under \$10 million	0.50% (50 basis points)
\$10 million and above	0.30% (30 basis points)

Wrap accounts are generally billed by their brokerage/custodians who submit the fees to LSC.

Assets Under Institutional Management Annual Management Fee (Billed Quarterly)

Equity-only accounts which qualify as institutional accounts are billed with an alternative fee structure.

Under \$15 million 0.50% (50 basis points)

Institutional accounts over \$15 million may be negotiated as to the fee charged.

Other Services

The firm will undertake special projects and does research on a continuing basis for clients on closely-held stocks which are not actively managed by LSC. Examples of special projects include strategies for managing concentrated stock positions, options strategies, and other equity research. Such services may be offered on a fixed-fee basis or will be included as part of the assets under management fee described above, as determined by the scope and complexity of the project.

Where separate fees are charged for these services, the scope of services and related charges are specified in the firm's Client Contract or a separate disclosure notice.

Item 6 Performance-Based Fees and Side-By-Side Management

LSC does not charge performance-based fees.

Item 7 Types of Clients

Lesa Sroufe & Company provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, trusts and other U.S. institutions.

For directly managed accounts, the minimum account size is \$500,000 and is negotiable; there are no maintenance requirements.

For sub-advised accounts, the minimum account size is \$100,000; there are no maintenance requirements.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Value Equity Strategy

LSC's predominant strategy relies upon an investment philosophy that is value-oriented and often contrarian. LSC seeks securities that we believe to be undervalued, in that they may be out-of-favor with mainstream investors and, in our opinion, priced under their potential fair value. The Value Equity Strategy invests in public and liquid securities traded on major exchanges or the OTC market. Starting with the assessment of general overall economic conditions, stocks are selected based upon an analysis of the company, and its relative value compared to alternative investments. The goal is to seek capital appreciation greater than the general market over the ensuing 24 – 36 months.

To offset portfolio risk, the strategy attempts to preserve capital by allowing for a position of up to 50% cash in the portfolio. LSC's fundamental research determines when the portfolios will become fully invested, or partially invested up to 50% cash assets (money market funds). The risk of utilizing cash as an asset allocation tool is recognized as causing performance to potentially lag in an upward trending equities market. Upon request, clients can choose to be fully invested (no cash).

Our universe of prospective investments is, by design, broad, encompassing small, mid, and large cap stocks, and sector selection is also not limited by any index weightings. The benchmarks for performance measurement are the S&P 500, due to its acceptance as a general U.S. stock market barometer, and the Russell 3000 Value Index, due to its broad inclusion of securities.

Another method of offsetting portfolio risk is LSC's buy/sell price discipline. At a stock's initial inclusion in the model portfolio we establish our top buy price/share; above which we do not consider it a prudent buy. Our sell discipline, based on periodic review of each stock's valuation relative to our long-term forecast of the company's prospects, will determine the sell price. Low turnover, as reflected by the lower dollar amount of either purchases or sales divided by the total value of a portfolio, reflects our conviction that a long-term approach to investment is prudent. It also reflects our acknowledgment that accumulated fees due to frequent trading can negatively impact portfolio performance.

LSC strategizes to assess a client's risk profile prior to active account management to determine his/her investment needs, objectives, timeline, experience and business acumen. Our assessment helps to determine the Investment Objectives, and dictates the strategic use of fixed income and cash in addition to equities.

Each prospective client is engaged in a discussion of the potential risk of loss from investing in securities and is asked to provide their tolerance level for financial loss. Investing in securities involves a recognized risk of loss that clients should be prepared to bear.

Item 9 Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that are material to a client or a prospective client's evaluation of our advisory business or the integrity of its management. Lesa Sroufe & Company and its personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry activities and Affiliations

Neither Lesa Sroufe, CEO/CIO, nor any of LSC's employees have any outside financial industry activities or affiliations. There are no instances where the receipt of additional compensation by LSC and/or its management or employees would create a conflict of interest that may impair the objectivity of our firm and these individuals when making recommendations. We take the following steps to address potential conflicts:

- Disclose to clients and prospective clients any material conflicts, should they arise.
- Refrain from sales of 'packaged financial products,' which entail additional compensation to employees.
- Require that employees seek approval of any outside employment activity to ensure that conflicts of interests are addressed.
- Periodically monitor outside employment activities to verify that any conflicts of interest continue to be properly addressed by the firm.
- Educate our employees regarding the responsibilities of a fiduciary, including the need to have a reasonable basis for investment advice provided to clients.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

LSC has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

Additional requirements include:

- Act with integrity, competence, diligence, and respect in an ethical manner at all times;
- Place the integrity of the investment profession and the interests of the clients ahead of our own (or the employee's) interests;
- Identify potential conflicts of interest to Chief Compliance Officer;

- Conduct all personal securities trading in compliance with LSC Code of Ethics and Policies and Procedures;
- Prohibition regarding service on the board of directors of any publicly traded company without prior authorization; where board service is approved LSC shall implement a “Chinese Wall” to isolate person from making decisions relating to the company’s securities.

Specific requirements related to personal securities transactions required by LSC:

- Pre-clear certain personal securities transactions;
- Report personal securities accounts, holdings and members of the employees household initially (at time of employment) and annually thereafter;
- Report all reportable securities transactions on a quarterly basis to the Chief Compliance Officer.

Trading in LSC recommended securities:

- In general, our Code of Ethics allows employees to trade in the same securities recommended to the Direct Clients or sub-advised clients;
- Prohibits giving preference to orders for employees over the orders for client or sub-advised clients;
- Requires, when Direct Client or sub-advised client and personal trades are aggregated (blocked together) that the shares purchased over time will be “averaged priced” so all participants receive the same price. If trading is not complete, client or sub-advised orders are completely filled before employee or related accounts.

Item 12 Brokerage Practices

Direct, discretionary clients of LSC can choose their own custodian (often a Trust Department) and utilize that firm’s trading platform for their transactions. Or, they can provide LSC with written authority to determine the custodian and the brokerage firm to use for trading. Typically the firm does not direct the client towards any particular brokerage firm, but provides them with the option to make their own choice.

LSC does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Typically, LSC uses Charles Schwab & Co. and their trading platform for placing Direct Client’s equity trades. Trade costs are charged by Charles Schwab & Co. according to a schedule based upon client assets under management. The best execution of the orders is reasonably obtained by aggregating the orders for all accounts and double-checking these orders against the price as reported by an independent research platform such as Thomson Reuters while simultaneously placing the trades. In some instances securities

may be purchased on a step-out basis, which is communicated to clients in the Client Agreement.

LSC's brokerage practices do not involve directing brokerage transactions in return for client referrals from a broker-dealer or third party.

For sub-advised managed accounts, LSC utilizes the brokerage trading departments of the custodial firm, which is communicated to clients in the Managed Account Agreement prior to the start of the management of the sub-advised account.

Item 13 Review of Accounts

Individual Direct/Sub-advised Portfolio Management Reviews: The securities within the portfolios are continually monitored with the ongoing research efforts of the firm and the accounts are personally reviewed at least quarterly. Accounts are reviewed from the standpoint of each client's stated investment objectives and guidelines. More frequent reviews are triggered by material changes in clients' individual circumstance, or changes in the market, political or economic environment. Lesa Sroufe (CEO/CIO), Shaun Corry (CCO/Portfolio Analyst), and Beth Fleming (Operations Specialist) conduct the reviews. The reviews are made to ensure that asset class targets as specified are being adhered to and that the accounts comport with the weightings of LSC's model, from a sector as well as individual equity standpoint. Additionally, LSC offers Direct Clients meetings on a quarterly basis either in person or over the phone. LSC ensures that a client meeting occurs at least once per year.

Individual Direct/Sub-advised Reports: LSC provides each client with an individual written quarterly report summarizing account performance, balance, and asset allocation. In addition, clients are provided with a quarterly investment letter summarizing LSC's model performance and outlook on the general markets. LSC clients are mailed these reports each quarter.

Item 14 Client Referrals and Other Compensation

Lesa Sroufe & Company does not accept or allow employees or supervised persons to receive economic benefit for providing investment advice or other advisor services to our clients. Similarly, LSC does not directly or indirectly compensate any third-party person or organization for client referrals.

Item 15 Custody

LSC does not have actual or constructive custody of client assets. As disclosed in Item 5 of this Brochure, LSC does debit fees directly from the direct accounts custodied with

Charles Schwab & Co. As part of this billing process for wrap accounts, in most cases the client's custodian is advised of the fee to be deducted. LSC also advises the client in writing of the amount and calculation for this fee. Additionally, the custodian is required to and has accepted the obligation (in writing) to send the client a statement showing all transactions within the account during the reporting period. This statement is sent on at least a quarterly basis.

It is important for clients to review their custodial statements to verify the accuracy of the calculation as well as to compare the custodian's statement with their LSC statement to ensure that all the total values are correct.

Item 16 Investment Discretion

LSC provides discretionary portfolio management services to clients; this authority is granted in writing by each client in LSC's Investment Advisory Agreement. This discretion gives LSC the right to place trades in each client's account without contacting the client prior to each trade to obtain permission.

Our discretionary authority includes the ability to determine the security to buy or sell and/or determine the amount of the security to buy or sell. Clients may limit this discretion through written instruction on the Investment Advisory Agreement and may change these amendments over time through further written instruction.

In addition to discretionary limitation, clients may impose certain limitations or restrictions on our services such as excluding certain securities (tobacco, sin, anti-union, weapons manufacture, big oil), sectors/industries, or concentrations in any sector/industry from their holdings. Limitations or restrictions must be provided to LSC in writing and will not be accepted or implemented until signed (accepted) by LSC.

Item 17 Voting Client Securities

LSC has and does accept authority to vote client securities (by proxy.) LSC's voting policies address all required issues such as procedures, disclosures, guidelines, conflicts of interests, and record-keeping. Clients can direct the vote in a particular solicitation by contacting LSC. If a material conflict of interest exists, LSC will give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy. Clients may obtain information about how securities were voted by contacting LSC. Clients may obtain a copy of LSC's proxy voting policies and procedures upon request.

Item 18 Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures regarding LSC's financial condition. LSC does not have any financial commitments that impair its ability to meet contractual fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.